

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 L-01 H-01 INR-05 EB-04 PRS-01

SP-02 SCA-01 NSC-05 NSCE-00 CIAE-00 TRSE-00 /041 W

-----180827Z 090231 /21

R 171940Z MAR 77

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 4451

C O N F I D E N T I A L KINGSTON 1269

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, EFIN, JM, US

SUBJECT: JAMAICAN DESIRE FOR U.S. COOPERATION VIS-A-VIS CAPITAL
FLIGHT PROBLEMS AND PROSECUTION OF ECONOMIC CRIMINALS

REF: STATE 51621

1. REFTEL (PARA 6) ADVISED THAT FONMIN PATTERSON WHILE IN WASHINGTON INDICATED AN INTEREST IN UPDATING THE EXTRA-DITION TREATY AND BILATERAL TAX TREATY, AND IN OTHER COOPERATION DESIGNED TO REDUCE ILLEGAL CAPITAL FLOWS FROM JAMAICA. WE HAD ORIGINALLY CONSIDERED INCLUDING DISCUSSION OF THIS SENSITIVE MATTER IN THE JAMAICA PARM CURRENTLY UNDER PREPARATION. HOWEVER, THE ISSUES ARE SOMEWHAT COMPLEX AND DO NOT EASILY LEND THEMSELVES TO THE PARM FORMAT.

2. THE GOJ IS CONCERNED THAT LARGE AMOUNTS OF CURRENCY, VARIOUSLY ESTIMATED BETWEEN 100-300 MILLION DOLLARS, HAVE LEFT JAMAICA IN VIOLATION OF JAMAICA LAW OVER THE PAST TWO YEARS-- MOSTLY TO THE UNITED STATES. CURRENT CONTROL MEASURES MAY HAVE SLOWED THE FLOW SOMEWHAT BUT IT CONTINUES TO BE A SERIOUS PROBLEM.

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3. PM MANLEY AND OTHER GOJ OFFICIALS HAVE ALLUDED TO GOJ INTENT TO TIGHTEN RESTRICTIONS AND TO PROSCUTE "ECONOMIC CRIMINALS." A SPECIAL INVESTIGATIVE UNIT HAS BEEN ESTABLISHED IN THE POLICE FORCE FOR THIS PURPOSE. UNDER NEW JAMAICAN CURRENCY CONTROL REGULA-TIONS AND LEGISLATION SIMPLE POSSESSION OF AN OVERSEAS BANK ACCOUNT IS A FELONY AND EVEN POSSESSION OF

UNDECLARED REAL PROPERTY CAN RESULT IN PROSECUTION. THOSE WHO HAVE DECLARED THEIR PROPERTY HAVE BEEN TOLD THEY MAY BE REQUIRED TO SELL IT AND REPATRIATE THEIR PROCEEDS. FURTHER, BY DEFINITION, THOSE JAMAICANS EMIGRATING TO THE U.S. ON INVESTOR VISAS ARE SUBJECT TO PROSECUTION AS "ECONOMIC CRIMINALS". JAMAICANS WHO HAVE EMIGRATED TO THE UNITED STATES BUT WHO HAVE NOT YET RENOUNCED THEIR JAMAICAN RESIDENCY TO THE GOJ ARE ALSO PROSECUTABLE IF THEY SHOULD VISIT JAMAICA.

4. AGAINST THIS BACKGROUND THE GOJ WILL PROBABLY BE SEEKING U.S. COOPERATION IN GAINING THE FOLLOWING:

- A. INCREASED ACCESS TO U.S. TAX AND BANK RECORDS.
- B. EXPANSION OF THE EXTRADITION TREATY TO INCLUDE "ECONOMIC CRIMES".
- C. ACCESS TO CUSTOMS DECLARATIONS OF JAMAICANS ENTERING U.S. PORTS.
- D. ACCESS TO VISA APPLICATION FILES.

5. WE SEE NO WAY IN WHICH WE CAN PROPERLY ACCEDE TO THE GOJ REQUESTS IN THESE AREAS. WE QUESTION THE PROPRIETY OF TURNING OVER TO THE GOJ INFORMATION WHICH WOULD ENABLE THE PROSECUTION OF PERSONS WHO WOULD NOT HAVE BEEN IN VIOLATION OF U.S. LAW. CERTAINLY WE COULD NOT ALLOW AN EXTRADITION ON THIS BASIS. WE ALSO HAVE DOUBTS ABOUT THE PROPRIETY AND/OR ADVISABILITY OF DIVULGING TAX OR BANK INFORMATION WHICH IS VERY LIKELY TO BE USED FOR INTERNAL JAMAICAN POLITICAL PURPOSES. A HIGH PROPORTION OF JAMAICAN IMMIGRANTS

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IN THE U.S. ARE, WHETHER WE RECOGNIZE THEM AS SUCH OR NOT, POLITICAL REFUGEES.

6. FINALLY, JUDGING FROM PAST PERFORMANCES WE ARE CONVINCED THAT COOPERATION WITH THE GOJ ON SUCH MATTERS WILL ALMOST ASSUREDLY BE A ONE-WAY STREET. WHILE THE IRS AND OTHER RELEVANT U.S. AUTHORITIES HAVE COMPLIED WITH THE LETTER AND SPIRIT OF THE EXISTING TAX TREATY, THERE HAS BEEN LITERALLY NO COOPERATION ON THE JAMAICAN SIDE VIS-A-VIS THE FEW REQUESTS MADE BY THE IRS. INDEED, IT IS OUR VIEW THAT THE INCREASED POLITICAL LIABILITIES OF COOPERATION IN THIS AREA DICTATE A MORE CAUTIOUS REVIEW THAN HERETOFORE OF JAMAICAN INFORMATION REQUESTS RATHER THAN AN EXPANSION OF THE GOJ'S ACCESS TO U.S. INFORMATION. THUS WE DOUBT THAT WE WOULD BENEFIT FROM A SIGNIFICANTLY BROADER TREWFY.

7. IN LIGHT OF THE FOREGOING, WE STRONGLY RECOMMEND

THAT WE SIDESTEP ANY JAMAICAN APPROACHES ON
INCREASED COOPERATION IN THIS AREAS.
GERARD

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: EXTRADITION, AGREEMENTS, INTERGOVERNMENTAL COOPERATION, CAPITAL FLOWS
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Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Litigation History:
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Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 77 STATE 51621
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3082013
Secure: OPEN
Status: NATIVE
Subject: JAMAICAN DESIRE FOR U.S. COOPERATION VIS-A-VIS CAPITAL FLIGHT PROBLEMS AND PROSECUTION OF ECONOMIC CRIMINALS
TAGS: PFOR, EFIN, JM, US
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/67ab09b7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009